



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TAYLOR COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE TAYLOR COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Taylor County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Report Comments:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

Financial Condition:

Fund balances increased by \$443,498 from the prior fiscal year, resulting in a cash surplus of \$943,631 as of June 30, 2000.

Debt Obligations:

Long-term notes payable consisted entirely of a bank line of credit with a balance of \$337,736 as of June 30, 2000.

Capital lease principal agreements totaled \$413,187 as of June 30, 2000. Future principal and interest payments of \$446,670 are needed to meet these obligations.

Deposits:

As of August 31, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$138,464 of public funds uninsured and unsecured.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Eddie Rogers, Taylor County Judge/Executive
Members of the Taylor County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Taylor County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Taylor County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Taylor County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000 of Taylor County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Eddie Rogers, Taylor County Judge/Executive
Members of the Taylor County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 20, 2001 on our consideration of Taylor County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 20, 2001

TAYLOR COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Eddie Rogers	County Judge/Executive
Bobby Kirtley	Magistrate
Orville Newton	Magistrate
James E. Cochran	Magistrate
Marshall Caulk	Magistrate
Edward R. Gorin	Magistrate
J.W. McFarland	Magistrate

Other Elected Officials:

Craig Cox	County Attorney
Rodney Burress	Jailer
Randall G. Phillips	County Clerk
Sam Newcomb	Circuit Court Clerk
John E. Shipp	Sheriff
Julie Shields	Property Valuation Administrator
Terry M. Dabney	Coroner

Appointed Personnel:

Maxine White	County Treasurer
Sherry Kerr	Occupational Tax Collector

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TAYLOR COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	700,013	
Road and Bridge Fund:			
Cash		226,408	
Jail Fund:			
Cash		15,566	
Local Government Economic Assistance Fund:			
Cash		1,218	
Fire Protection Fund:			
Cash		426	
Payroll Revolving Account - Cash		593	
Deferred Compensation Plan Account - Cash		<u>881</u>	\$ 945,105

Other Resources

Capital Projects Fund Type

Public Courthouse Corporation Fund:			
Amounts to be Provided in Future Years for Note Payments (Note 4)		<u>337,736</u>	
Total Assets and Other Resources			<u>\$ 1,282,841</u>

The accompanying notes are an integral part of the financial statements.

TAYLOR COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 2000
(Continued)

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

Occupational Employment Taxes Due to City of Campbellsville (Note 6)	\$ 215,818	
Payroll Revolving Account - Cash	593	
Deferred Compensation Plan Account - Cash	<u>881</u>	\$ 217,292

Capital Projects Fund Types

Public Courthouse Corporation Fund:

Note Payable (Note 4)	337,736
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Fund Balances

Reserved:

General Fund Type

Fire Protection Fund	426
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Unreserved:

General Fund Type

General Fund	\$ 484,195	
Road and Bridge Fund	226,408	
Jail Fund	15,566	
Local Government Economic Assistance Fund	<u>1,218</u>	<u>727,387</u>

Total Liabilities and Fund Balances	\$ <u><u>1,282,841</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TAYLOR COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,667,567	\$ 2,697,418	\$ 860,688	\$ 105,574
Transfers In	645,205		70,000	573,869
Borrowed Money	337,736			
Kentucky Advance Revenue Program	1,140,210	1,068,010	72,200	
Total Cash Receipts	<u>\$ 5,790,718</u>	<u>\$ 3,765,428</u>	<u>\$ 1,002,888</u>	<u>\$ 679,443</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,008,250	\$ 1,526,182	\$ 811,271	\$ 665,906
Schedule of Public Courthouse Corporation Fund Expenditures	337,736			
Transfers Out	645,205	615,205	30,000	
Kentucky Advance Revenue Program Repaid	1,140,210	1,068,010	72,200	
Total Cash Disbursements	<u>\$ 5,131,401</u>	<u>\$ 3,209,397</u>	<u>\$ 913,471</u>	<u>\$ 665,906</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 659,317	\$ 556,031	\$ 89,417	\$ 13,537
Cash Balance - July 1, 1999	284,314	143,982	136,991	2,029
Cash Balance - June 30, 2000	<u>\$ 943,631</u>	<u>\$ 700,013</u>	<u>\$ 226,408</u>	<u>\$ 15,566</u>

The accompanying notes are an integral part of the financial statements.

TAYLOR COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

General Fund Types		Capital Projects Fund Type
Local Government Economic Assistance Fund	Fire Protection Fund	Public Courthouse Corporation Fund
\$ 2,478 1,336	\$ 1,409	\$ 337,736
<u>\$ 3,814</u>	<u>\$ 1,409</u>	<u>\$ 337,736</u>
 \$ 3,891	 \$ 1,000	 \$ 337,736
<u>\$ 3,891</u>	<u>\$ 1,000</u>	<u>\$ 337,736</u>
\$ (77) 1,295	\$ 409 17	\$
<u>\$ 1,218</u>	<u>\$ 426</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Taylor County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Courthouse Corporation Fund as part of the reporting entity.

Additional - Taylor County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Taylor County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Taylor County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Taylor County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), and the Fire Protection Fund.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Courthouse Corporation Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

3) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Community Development Block Grant Fund of the Fiscal Court is reported as a Capital Projects Fund Type. Although there were budgeted revenues and expenditures of \$550,000 in this fund, there was no activity for the current fiscal year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Taylor County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

A formal budget is not adopted for the Public Courthouse Corporation Fund (Capital Projects Fund). The Department for Local Government does not require this fund to be budgeted.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of August 31, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$138,464 of public funds uninsured and unsecured.

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of August 31, 1999.

	<u>Bank Balance</u>
Insured or collateralized with securities held by the county's agent in the county's name	\$ 1,492,687
Uncollateralized and uninsured	<u>138,464</u>
Total	<u><u>\$ 1,631,151</u></u>

Note 4. Note Payable

On March 17, 2000, the Taylor County Public Courthouse Corporation obtained a \$350,000 line of credit, at an interest rate of 7.15%, from Taylor County Bank for the purpose of acquiring land and to begin planning of the construction of a jail. The balance of this note payable on June 30, 2000 was \$337,736. This resulted from four (4) draws totaling \$337,736 being made against this line of credit between March 17, 2000 through June 30, 2000.

Note 5. Lease-Purchase Agreements

- A. On July 29, 1997, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of a Sheriff's car and equipment. The principal was \$49,833 at a variable interest rate for a period of 5 years, with interest and principal paid monthly. Principal outstanding as of June 30, 2000 is \$22,888. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 677	\$ 10,304
2002	286	10,748
2003	<u>9</u>	<u>1,836</u>
Totals	<u><u>\$ 972</u></u>	<u><u>\$ 22,888</u></u>

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 5. Lease-Purchase Agreements (Continued)

- B. On June 7, 1999, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of rescue vehicles. The principal was \$59,952 at a variable interest rate for a period of 5 years, interest and principal paid monthly. Principal outstanding as of June 30, 2000 is \$48,835. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 1,621	\$ 11,537
2002	1,185	11,974
2003	732	12,427
2004	261	12,897
Totals	<u>\$ 3,799</u>	<u>\$ 48,835</u>

- C. On August 2, 1999, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of dump trucks. The principal was \$92,580 at a variable interest rate for a period of 5 years, interest and principal paid monthly. Principal outstanding as of June 30, 2000 is \$78,319. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 2,614	\$ 17,706
2002	1,944	18,376
2003	1,248	19,072
2004	542	23,165
Totals	<u>\$ 6,348</u>	<u>\$ 78,319</u>

TAYLOR COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 5. Lease-Purchase Agreements (Continued)

D. On October 14, 1999, the Taylor County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of E-911 equipment. The principal was \$300,000 at a variable interest rate for a period of 5 years, interest and principal paid monthly. Principal outstanding as of June 30, 2000 is \$263,145. Lease payment requirements excluding an anticipated interest rebate from KACoLT are:

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2001	\$ 8,894	\$ 57,022
2002	6,719	59,180
2003	4,462	61,419
2004	2,119	63,744
2005	170	21,780
Totals	<u>\$ 22,364</u>	<u>\$ 263,145</u>

Note 6. Occupational Employment Taxes Due to City of Campbellsville

Taylor County Fiscal Court began collecting an occupational employment tax during the fiscal year ending June 30, 2000. The net tax revenues (gross collections less applicable expenses) are to be shared equally with the City of Campbellsville. As of June 30, 2000, Taylor County Fiscal Court owed the City of Campbellsville \$215,818, representing the balance of the city's share of the net tax revenues for the fiscal year ended June 30, 2000. This amount was paid to the City of Campbellsville in two installments on July 17, 2000 and July 31, 2000.

Note 7. Insurance

For the fiscal year ended June 30, 2000, Taylor County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TAYLOR COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,148,167	\$ 2,697,418	\$ 549,251
Road and Bridge Fund	783,556	860,688	77,132
Jail Fund	91,202	105,574	14,372
Local Government Economic Assistance Fund	4,143	2,478	(1,665)
Fire Protection Fund	1,000	1,409	409
<u>Special Revenue Fund Type</u>			
Community Development Block Grant Fund	<u>550,000</u>	<u>0</u>	<u>(550,000)</u>
Totals	<u>\$ 3,578,068</u>	<u>\$ 3,667,567</u>	<u>\$ 89,499</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,578,068
Add: Budgeted Prior Year Surplus			<u>225,276</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 3,803,344</u>

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SCHEDULE OF OPERATING REVENUE

TAYLOR COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES
	General Fund Type
<hr/>	
REVENUE:	
Taxes	\$ 2,225,043
In Lieu Tax Payments	11,964
Excess Fees	169,189
License and Permits	95,681
Intergovernmental Revenues	1,006,399
Charges for Services	71,230
Miscellaneous Revenues	11,042
Interest Earned	77,019
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Total Operating Revenue	<u>\$ 3,667,567</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TAYLOR COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 760,680	\$ 721,200	\$ 39,480
Protection to Persons and Property	987,705	919,123	68,582
General Health and Sanitation	100,630	97,192	3,438
Social Services	10,100	8,187	1,913
Recreation and Culture	84,652	84,500	152
Roads	737,615	696,176	41,439
Airports	29,360	29,360	0
Debt Service	21,772	20,638	1,134
Administration	520,830	431,874	88,956
Total Operating Budget - All General Fund Types	\$ 3,253,344	\$ 3,008,250	\$ 245,094
Other Financing Uses: Borrowed Money- Kentucky Advanced Revenue Program - Principal	1,140,210	1,140,210	0
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 4,393,554</u>	<u>\$ 4,148,460</u>	<u>\$ 245,094</u>

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Administration	\$ 550,000	\$	\$ 550,000
Total Operating Budget - All Special Revenue Fund Types	<u>\$ 550,000</u>	<u>\$</u>	<u>\$ 550,000</u>

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SCHEDULE OF PUBLIC COURTHOUSE CORPORATION
FUND EXPENDITURES

TAYLOR COUNTY
SCHEDULE OF PUBLIC COURTHOUSE CORPORATION
FUND EXPENDITURES

Fiscal Year Ended June 30, 2000

<u>Expenditure Items</u>	<u>Public Courthouse Corporation Fund</u>
Land Purchase	\$ 200,000
Architect Fees	122,424
Engineering Fees	10,512
Legal Fees	<u>4,800</u>
Total	<u>\$ 337,736</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Eddie Rogers, Taylor County Judge/Executive
Members of the Taylor County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Taylor County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated July 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Taylor County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation.

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Taylor County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 20, 2001

COMMENT AND RECOMMENDATION

TAYLOR COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2000

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

On August 31, 1999, \$138,464 of the county's deposits of public funds in depository institutions was uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the county require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

County Judge/Executive's Response:

This was due to KARP money that was invested for 6 months. We will be monitoring with financial institutions in making sure all deposits are secure.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

TAYLOR COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

CERTIFICATION OF COMPLIANCE

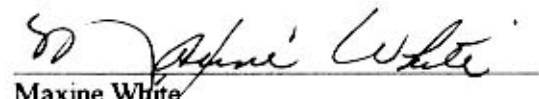
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

TAYLOR COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Taylor County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Eddie Rogers
County Judge/Executive


Maxine White
County Treasurer